



# THE YOUNG PERSON'S GUIDE TO HEALTH INSURANCE

A message from the

# WHITE HOUSE

Dear Friends:

As you return to campus this semester, I want to take a moment to make sure you know about some important new changes that will help ensure you have access to affordable, quality health care. I know you might not spend too much time worrying about getting sick or having an accident, but chances are you or a friend have had to seek medical care because of a health emergency or to treat a chronic condition. Thanks to the health care law—the Affordable Care Act—you can be confident that you will have health insurance when you need it most.

Under the new law, you can remain on your parents' health insurance plan until you turn 26 or find a job that offers insurance. Graduating from college will not mean losing your health insurance.

The new law makes it illegal for new health insurance plans to charge you a deductible or other fees for important preventive services. This means services like flu shots, nutrition counseling, and help quitting smoking will be covered by insurance plans with no additional charge.

The Affordable Care Act also ends some of the worst insurance company abuses. This year, insurers will be prohibited from imposing lifetime limits on care, and it will be illegal for insurance companies to rescind your coverage when you get sick, just because of a mistake on your application.

All of these changes go into effect on September 23, 2010. It is a big day for young people, and it marks the start of a new, better era for our health care system, when Americans will have more affordable choices and more control over their health care. You can learn more about the reforms you will see under the Affordable Care Act in the pages ahead, or by visiting [HealthCare.gov](http://HealthCare.gov).

Best of luck in the semester ahead.

Sincerely,



Barack Obama



U.S. PIRG activist Abby Berendt Lavoit tells her health care story at a Capitol press conference.



Speaker of the House Nancy Pelosi signs this year's health care legislation.

## For people in their late teens and twenties, getting health insurance can be a lot like a lottery . . .

If you're lucky, your parents have a good plan that covers you while you are in school or your employer picks up the tab. If you're not, your options shrink to two: a plan offering good coverage that you can't afford, or a plan you can afford that covers little to nothing.

Starting this year, under the new health care law, young people will gain access to new, previously unavailable health insurance options. To make the most of those new choices, you need to learn the facts. This guide is designed to help you do that.

## COMING ATTRACTIONS

The provisions of the new federal health care law are designed to be phased in over several years, but here are two critical dates you need to know:

### September 23, 2010:

Young people receive new consumer protections and benefits!

- ▶ **Stay on Your Parents' Plan till 26:** Insurance plans must start allowing young adults to stay on their parents' plan until age 26.
- ▶ **No More Dropped Coverage:** No insurer can drop your policy when you get sick because of paperwork errors. You will have the right to appeal any denial of care.

### January 1, 2014:

Even bigger changes are on the way!



- ▶ **Pre-Existing Condition Denials Are Banned:** Health insurance plans will no longer be able to deny coverage or hike your rates due to a pre-existing condition.
- ▶ **Gender Discrimination Becomes Illegal:** The common insurance company practice of charging women more than men for coverage will be against the law.
- ▶ **You Can Get the Same Benefits as Members of Congress:**

Through new state-based health insurance markets called exchanges, millions of individuals and small businesses will pool their buying power and negotiate better deals with insurers, just like Congress and federal employees do today.

- ▶ **Coverage Gets a Lot More Affordable:** If you're having trouble affording coverage and earn less than \$44,000 a year as a single person (\$88,000 for a family of four), you will get a tax credit to help you pay the cost of coverage on the exchange.
- ▶ **But You'll Have to Do Your Part:** To keep health insurance premiums low, it helps if everyone pulls his or her weight and gets covered. Otherwise, only the sicker, more expensive individuals seek insurance. So, in 2014, all who can afford it must buy coverage. People under 30 can purchase a lower-cost, bare-bones plan.

For a complete timeline and outline of changes under the new law, go to [www.healthcare.gov/law/timeline/index.html](http://www.healthcare.gov/law/timeline/index.html).

# YOUR COVERAGE OPTIONS

Obtaining coverage for the first time can be confusing. With the new health care law, here are the first places to start:

## Call Mom and Dad

No, really. It is not a joke.

If you want decent health coverage and you are not yet 26, your first call should be to your parent or guardian. The new health care law requires most health care insurance plans to allow you onto your parent's or guardian's coverage until your 26th birthday as long as that parent or guardian has a family plan.

If your parents already are carrying a family plan, they will not be required to pay anything extra to cover you. If they have a plan that only covers themselves or themselves and a spouse, they will have to purchase a family plan at the next open enrollment period. Even then, the cost will likely be far less than paying for their plan and a separate policy for you.

This benefit is available to you even if you have not been covered by your parents' plan for years.

Under the law, most plans must offer this new benefit for their next plan year following September 23, 2010. That means that some plans may ask you to wait until the next open enrollment period to take advantage of this benefit. Other plans, which pre-date the passage of the new law on March 23, 2010, will not be required to allow young people onto their parents' plans if the young person has received an offer of coverage from his or her employer. To determine when and whether you may be eligible for your parents' coverage, you should contact the insurance provider.



## Log on and Buy It

As complicated as the insurance market can be, sometimes a little comparison shopping can go a long way. The health reform law created a new federal government website —healthcare.gov. It lists insurers broken down by state, with links to the plans' websites where you can actually apply for and purchase policies.

By October 2010 this website will also feature price information for listed plans and by early 2011 it will begin to provide information about the quality of various plans, including the percentage of your premium dollars that must be spent directly on care, rather than overhead costs and profit.

## Find a Great Job with Great Benefits

Some might say a job with great health benefits is like a unicorn: you have heard stories about them but no one has ever seen one.

Fortunately, the truth is that more than 176 million Americans receive their health coverage through their employer-provided plans, and most are satisfied with their health insurance. That amounts to over half of America's population, and you may have a chance to be one of them.

The best employer-provided coverage options are typically available at large firms or government agencies. However, many small businesses are now investing in quality coverage options to attract talent.

So when considering a job, definitely stop by your prospective employer's human resources or personnel office to see what the health insurance benefits are.

# The Basics of HEALTH INSURANCE

If you get sick or are injured in an accident, the costs of treating you can quickly exceed most Americans' ability to pay. A single visit to the emergency room for an unexpected health situation can run into the thousands or tens of thousands of dollars.

So, for decades Americans have bought health insurance policies that ensure they can get basic health care when they need it without paying out of pocket. Every month, individuals—and in many cases their employers, too—pay a certain amount of money to an insurance company to purchase coverage (also called a health insurance plan or policy). That coverage means that in the event of illness, the insurer agrees to cover some or most of the expenses.

## Types of Coverage

- ▶ **Group Coverage:** Health insurance plans provided by a company, government agency, or union. Rather than covering one person or one family, these plans cover large groups of people. Group coverage tends to be less expensive and provide more coverage than separate “individual coverage.” In most cases, employers pay a portion of the cost of the premium.
- ▶ **Individual Coverage:** This is coverage bought by the individual, not the employer, for him or herself and his or her family.

## Paying for It

- ▶ **Premium:** The amount charged for insurance, usually quoted as a monthly price. For employer-provided insurance, the premium is usually shared between the employer and the employee.
- ▶ **Cost-Sharing:** In addition to premiums, almost all plans use other ways to share costs for medical expenses between the insurance company and the patient. There are three types of cost sharing: “co-insurance,” “deductibles” and “co-pays.”
- ▶ **Co-Insurance:** This cost-sharing method requires a patient to pick up a certain percentage of the cost of a procedure while the plan covers the rest. For example, a plan with 80/20 hospital coinsurance will cover 80% of the cost of your hospital stay; 20% of the costs will be your responsibility.
- ▶ **Co-Pay (or co-payment):** A flat amount that a patient must pay (usually \$5 - \$20) at the time of receiving medical services.
- ▶ **Deductible:** The amount of costs which you must pay yourself before your insurance pays anything. For example, a plan with a \$1,000 deductible would require you to pay \$1,000 before the insurance company would pay any money. Generally, plans with higher deductibles are cheaper, but if catastrophe strikes, you'll be on the hook for the whole deductible. Low deductible plans avoid these unexpected costs but tend to be more expensive.



## EXISTING HEALTH CARE PROGRAMS

- ▶ **Medicaid:** A government health care program paid for with state and federal money. Each state has its own Medicaid program with rules for who is eligible for benefits.
- ▶ **Medicare:** A federal government program that provides health insurance to people over age 65 and to some disabled people.

## OTHER INSURANCE TERMS

- ▶ **Open Enrollment:** A period during the year (usually one to four weeks) when people in group plans are permitted to change their coverage.
- ▶ **Primary Care Doctor:** Your “main” doctor, the first doctor you see. Some health insurance plans require you to select a primary care doctor who has the responsibility of recommending and approving any visits to specialist doctors (e.g., cardiologist, obstetrician/gynecologist, etc.).
- ▶ **Out-of-Network Costs:** Most health plans have a two-tiered payment structure. If you use doctors and hospitals in your insurer’s network, the costs are lower than if you use non-network doctors or hospitals. The difference in costs may be substantial. Your insurance company will give you a list of which doctors and hospitals are in your network.
- ▶ **Pre-Existing Condition:** A medical condition (such as asthma, diabetes, pneumonia, or anxiety disorder) that you have at the time you apply for health insurance.

## ADDITIONAL COVERAGE OPTIONS

### ▶ What about Pre-Existing Conditions?

Today, many insurance plans refuse to cover individuals with a pre-existing medical condition. The new federal health care law bans this practice for children under 19 this year, and adults in 2014. But if you are a young adult with a pre-existing condition today, that news is little comfort in the short-term.

Fortunately, you are not completely out of options. Starting July 1st, the new health care law established a federal program called the Pre-existing Condition Insurance Program (PCIP). Though the premiums are higher than other plans, they cannot be more than twice what a similar insurance plan would be.

It is not cheap, but it beats trying to manage your health care costs with no coverage. To enroll, you must have a pre-existing health condition and have gone without insurance for six months. To check out the premiums for these plans, go to [www.healthcare.gov/law/about/provisions/pcip](http://www.healthcare.gov/law/about/provisions/pcip).

### ▶ Additional State Options for Covering Pre-Existing Conditions

Many states have their own programs for people with pre-existing conditions (often referred to as state high-risk pools). These plans are separate and distinct from the federal PCIP. More information about them can be found at [www.uspirg.org/health-care/statehighriskpools](http://www.uspirg.org/health-care/statehighriskpools).

# FINDING OUT MORE

## HEALTHCARE.GOV

This brand new website, authorized by the new health care law, is designed to be the one-stop shop for information on coverage, public and private, across the nation. It already provides links to the major insurers offering individual and small group plans in every state, along with enrollment contacts for federal and state insurance programs.

## Work

Sometimes the best place to find more about coverage options is where you spend most of your days—at work. Many employers have a human resources department or at least one person who is used to answering questions about health insurance, even if you are not currently enrolled in a work-based plan. Their expertise is a great place to start.

## YOUR CURRENT INSURANCE PLAN

If you already have insurance, even if it is about to run out, contacting your insurance plan can be another good lead. They may sell insurance plans that will fit your needs.

## YOUR COLLEGE OR UNIVERSITY

If you attend a college or university, contact their student health office. Many institutions of higher learning offer bargain-basement coverage options that are very affordable. Though the plans are designed to meet student-sized budgets, they often do so by skimping on coverage or having high deductibles. Keep an eye on the fine print and make sure these plans meet the needs you have.

## FINDING COVERAGE

### WHEN YOU REALLY CAN'T AFFORD IT

For certain families and individuals who just cannot afford coverage for themselves, state Medicaid programs can be a crucial safety net option. If you meet the qualifications, the coverage is a very affordable—no premiums and very low co-pays and deductibles.

The catch is that qualifications vary by state, as every state offers its own version of the Medicaid insurance program. Some states open the door to only a small number of people: children up to age six, parents with children eligible for public assistance, or the elderly in nursing homes without assets. Other states allow parents with children and single adults into the program at much higher income levels.

For those who qualify it is hard to beat this deal, so do not miss out. Check in with your state's social service department or go to [www.cms.gov/MedicaidEligibility](http://www.cms.gov/MedicaidEligibility) for the eligibility rules in your state.

Getting a

# FAIR SHAKE

from your insurance company:

As you begin your search for health insurance, you should be aware of the rules insurance companies must abide by under the new law. These basic protections are slated to come on line beginning this year.

- 1** *The right to stay on your parents' family health insurance plan until age 26.*
- 2** *The right to coverage that cannot be dropped when an unexpected condition or accident makes your care expensive.*
- 3** *The right to an appeal process if coverage for needed care is denied by your insurer.*
- 4** *The right to information about the cost of insurance and the quality of insurance benefits so that you can choose the plan that works best for you.*
- 5** *The right to choose your own primary care doctor, including an obstetrician/gynecologist or pediatrician.*
- 6** *The right to emergency care when and where you need it without huge out-of-network costs.*
- 7** *The right to a rebate if your insurer spends less than 80% of your premiums on care.*
- 8** *The right to free preventive care in any new insurance policy to keep you healthy and your health care costs down.*
- 9** *The right to get your children under 19 covered, even if they have a pre-existing health condition.*

If your insurer fails to respect your new rights, contact your state's insurance commissioner. Go to [www.naic.org/documents/members\\_membershiplist.pdf](http://www.naic.org/documents/members_membershiplist.pdf) for details on how to report insurance company abuses.

You can also contact the federal Department of Health and Human Services at [healthinsurance@hhs.gov](mailto:healthinsurance@hhs.gov).

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